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SIPDIS

STATE FOR SA/INS MGOWER- PLEASE PASS TO TREASURY FOR OIA, OTA,
AND TFFC

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TAGS: [EFIN](#) [ECON](#) [KTFN](#) [KCRM](#) [SNAR](#) [PTER](#) [CE](#)

SUBJECT: US GOVERNMENT ASSISTANCE TO SRI LANKA'S DEVELOPMENT
OF AN ANTI-MONEY LAUNDERING (AML) AND COMBATING TERRORIST
FINANCING (CFT) REGIME

1. United States Treasury's Office of Technical Assistance (OTA), Financial Enforcement team visited Colombo December 12-16, 2005, to provide training to government officials on establishment of an effective AML/CFT regime. The timing of the visit was appropriate since the government of Sri Lanka introduced in Parliament on 10 December new legislation on Financial Transaction Reporting and Prevention of Money Laundering. Sri Lanka passed a law on the Convention of the Suppression of Terrorist Financing on 8 August 2005, however procedures for implementing the CFT legislation are within the pending legislation. Government officials expect that the new legislation on Financial Transaction Reporting and Prevention of Money Laundering will pass in the first quarter of 2006.

2. Meetings were held with the Central Bank, Ministry of Justice, Ministry of Finance, the Attorney General's Office, private sector groups, and police regarding AML implementation issues. All Sri Lankan groups welcomed continued US government technical assistance in this area.

3. The team conducted a series of special seminars on topics including a strategic planning session on implementation of the AML/CFT regime; Suspicious Transaction Reporting; Know Your Customer; and Financial Intelligence Units. Over 80 people from the government and private sector attended the sessions.

4. The OTA team indicated future technical assistance activities will include setting up a functional Financial Intelligence Unit (FIU) and training FIU staff. Capacity building assistance will be provided to existing Supervisory Authorities and law enforcement officials from the organization(s) given jurisdiction to investigate money laundering and terrorist financing.

5. OTA Enforcement will place a resident financial enforcement advisor in Sri Lanka by July 2006 after appropriate clearances through the NSDD38 process. Intermittent OTA advisors will continue to provide technical assistance until placement of the resident.

6. Post will continue working directly with OTA and the Government of Sri Lanka to provide further technical assistance in this crucial area.

LUNSTEAD